

service (ZingoTel's Residential Unlimited plan). Verizon has prepared a chart that compares the prices and features of voice telephone service offerings of several leading competitors in the Providence MSA. See Exhibits 1 & 2. For example, Vonage and AT&T both offer unlimited local and long-distance packages for \$24.99 per month.⁵⁸ Vonage also offers a VoIP package for \$14.99 per month that includes 500 minutes with additional minutes at 3.9 cents.⁵⁹ Packet8, Lingo, and BroadVoice offer similar packages for \$19.99 or less, not including promotional discounts such as the first month free.⁶⁰ See Exhibit 2. Some providers offer pay-as-you-go plans, often with a small number of minutes, for \$5.95 to \$9.99, to attract low-volume users. See Exhibit 2.

33. For customers who have not yet subscribed to broadband service, the combination of broadband service and VoIP is competitive with what customers pay for a narrowband combination of local, long-distance and dial-up Internet access. One study concluded that the average narrowband household could capture a net savings of \$6 per month by subscribing to broadband and migrating to VoIP service.⁶¹ In fact, many subscribers appear to be making the switch from narrowband to broadband principally in order to obtain VoIP phone service.

According to a recent study by Bernstein Research, at least 40 percent of all VoIP subscribers are

⁵⁸ Vonage, *Premium Unlimited Plan*, http://www.vonage.com/services_premium.php; AT&T, *Plans & Pricing*, <http://www.usa.att.com/callvantage/plans/index.jsp>.

⁵⁹ Vonage, *Basic 500 Plan*, http://www.vonage.com/products_basic.php.

⁶⁰ Packet8, *Residential Plans*, <http://www.packet8.net/about/residential.asp>; Lingo, *Home Plans*, http://www.lingo.com/voip/residential/home_plans.jsp; BroadVoice, *Rate Plans, Compare Plans*, http://www.broadvoice.com/rates_compare.html.

⁶¹ See M. Rollins, *et al.*, Citigroup, *Share Wars – Telco vs. Cable* at 7 (Oct. 5, 2005) (assuming \$50 a month landline service & \$21 a month dial-up, replaced by \$40 a month cable modem service and an independent VoIP provider at \$25 a month); see also C. Moffett, *et al.*, Bernstein, *Quarterly VoIP Monitor: The "Halo Effect" of VoIP is Driving Faster Subscriber Growth* at 4 (Sept. 2, 2005) ("[T]he bundled price of VoIP and broadband is compelling to dial-up subscribers, for whom the cost of upgrading to broadband is more than offset by the savings on telephony.").

new subscribers to broadband services that are attracted to the voice-data-video bundle that cable operators offer.⁶² As Bernstein explains, cable “[v]oice bundles induce not only existing HSD [high-speed data] customers to add voice to existing bundles, they also add incremental growth to HSD through three separate mechanisms. First, they induce new customers either to *convert* from dial-up to HSD in order to get the bundled phone price; second, they induce DSL customers to switch to cable HSD in order to get the bundled phone price; and/or third, they induce HSD customers to retain their HSD service, thereby reducing churn.”⁶³

34. Many customers view VoIP service as a replacement for their primary telephone line. For example, approximately 60-70 percent of Vonage’s subscribers are porting their telephone numbers.⁶⁴ Analysts estimate that over-the-top VoIP providers will displace five percent of local telephone access lines by the end of 2010.⁶⁵

III. COMPETITION FOR ENTERPRISE SERVICES

35. Just as there is intense competition for mass-market customers in the Providence MSA, the same is true for enterprise customers. Indeed, this is widely considered the most competitive segment of the telecommunications industry.⁶⁶ The Commission has recognized that

⁶² See C. Moffett, *et al.*, Bernstein Research, *Cable and Satellite: ~40% of Cable VoIP Customers “New” to Broadband* (July 6, 2006).

⁶³ *Id.* at 3.

⁶⁴ See D. Shapiro, *et al.*, Banc of America Securities, *Battle for the Bundle* at 30 (June 14, 2005).

⁶⁵ See J. Chaplin, *et al.*, JPMorgan, *Telecom Services/Wireline: State of the Industry: Consumer* at 12 (Jan. 13, 2006).

⁶⁶ *SBC Communications Inc. and AT&T Corp. Applications for Approval of Transfer of Control*, Memorandum Opinion and Order, 20 FCC Rcd 18290, ¶ 73 n.223 (2005) (“competition in the enterprise market is robust”); *Applications of AT&T Wireless Services, Inc. and Cingular Wireless Corporation for Consent to Transfer Control of Licenses and Authorizations, et al.*, Memorandum Opinion and Order, 19 FCC Rcd 21522, ¶ 248 n.590 (2004) (“[W]e note that [] competition is greater for enterprise services than for mass market services.”); *Federal Communications Commission 2004 Biennial Regulatory Review: Consumer & Governmental Affairs Bureau*, Staff Report, 20 FCC Rcd 88, Appendix, ¶ 44 (2005) (“Competition for business

competition for medium and large enterprise customers is “strong” and is poised to remain so because these customers “are sophisticated, high-volume purchasers of communications services that demand high-capacity communications services” and because there are a “significant number of carriers competing in the market.”⁶⁷ These competitors “include interexchange carriers, competitive LECs, cable companies, other incumbent LECs, systems integrators, and equipment vendors.”⁶⁸

36. Although not all of the carriers that serve enterprise customers own and operate their own facilities, there is an extensive wholesale market for these facilities. In fact, no telecommunications carrier in the United States, including Verizon, has ubiquitous high-capacity telecommunications facilities that are capable of serving all the needs of commercial and institutional customers. As a result, all retail service providers must depend, to a greater or lesser degree, on multiple facilities-based carriers to create a network that can serve all of the needs of commercial and institutional customers. Furthermore, provision of underlying facilities is only one component of offering service, because commercial and institutional customers demand integrated communications solutions that are likewise compatible with their overall information technology infrastructure.

37. While Verizon is one of the largest wholesale suppliers to other competing carriers in the enterprise market, it provides the vast majority of wholesale inputs to these carriers as special access, not as unbundled network elements. In the *Omaha Forbearance Order*, the Commission acknowledged that this form of wholesale competition was relevant in

customers in metropolitan areas, in general, continues to develop more rapidly than competition for residential customers or customers in rural areas.”).

⁶⁷ *Verizon Communications Inc. and MCI, Inc. Applications for Approval of Transfer of Control*, Memorandum Opinion and Order, 20 FCC Rcd 18433, ¶ 56 (2005) (“*Verizon/MCI Order*”).

⁶⁸ *Id.* ¶ 64.

evaluating whether competition is sufficient to constrain Verizon's prices in the enterprise market.⁶⁹

A. Overview of Enterprise Competition in the Providence MSA

38. The major cable operators in the Providence MSA offer service to business customers, using both their cable networks and fiber networks that they have deployed specifically to serve business customers. According to data from GeoTel, there are at least three known competing carriers that operate fiber networks within the Providence MSA and these networks span at least **** route miles. Exhibits 5 and 6 contain maps of these networks. As these maps indicate, there are at least one or more known competing fiber providers in **** percent of wire centers in the Providence MSA. These wire centers represent approximately **** percent of Verizon's retail switched business lines in the MSA. These data also show that there are one or more known competing fiber providers in at least **** percent of the **** wire centers in the Providence MSA that account for 80 percent of Verizon's high-capacity special access revenues.

39. Based on Verizon's business E911 listings data from December 2005, competing carriers are serving business customers in **** percent of the wire centers in the Providence MSA, and these wire centers account for **** percent of Verizon's retail switched business lines in the MSA. As of this same date, competitors had obtained approximately **** business E911 listings. These data provide an estimate of the number of business lines that competitors are serving. Each E911 residential subscriber listing necessarily represents one customer access line, but in the case of business customers a listing does not necessarily correlate one-to-one based on the manner in which the service is provided.

⁶⁹ See *Omaha Forbearance Order* ¶ 68.

Importantly, competitors do not typically obtain E911 listings for lines that are used to provide data services. In any event, this total indicates that competitors controlled approximately

**** percent of switched business lines in the Providence MSA.

40. Based on Verizon's wholesale billing records from December 2005, competitors are serving approximately **** voice-grade equivalent lines in the Providence MSA using special access: approximately **** voice-grade equivalent lines using DS3s, approximately **** voice-grade equivalent lines using DS1s, approximately **** voice-grade equivalent lines using DS0s, and approximately **** voice-grade equivalent lines using OCN, FMS, or other services. As of this date, competitors are serving an additional **** voice-grade equivalent lines using DS1 private lines, and **** voice-grade equivalent lines using DS0 private lines. Competitors are using special access to serve business customers in **** in the Providence MSA in which Verizon serves switched business lines.

41. As of the end of December 2005, approximately 10 CLECs are collocated in Verizon's central offices in the Providence MSA. These competitors are collocated in a total of **** central offices that reach **** percent of Verizon's retail access lines in the MSA, and approximately **** percent of Verizon's retail switched business lines in the MSA.

B. Summary of Major Facilities-Based Competitors in the Providence MSA

42. In the Providence MSA, there are a number of facilities-based providers competing for enterprise customers today, including cable operators such as Cox, as well as traditional telecom carriers such as AT&T, Sprint, PAETEC, and One Communications. In addition, Verizon increasingly faces competition from carriers who aggregate facilities from multiple sources and combine them with their own value-added services. Such competitors

include systems integrators and managed service providers (like IBM, EDS, Accenture, Northrop Grumman, and Lockheed Martin), equipment vendors (like Lucent and Nortel), and, most recently, major application providers (like Microsoft).

1. Cable Operators

43. The nation's major cable operators are now actively pursuing commercial and institutional customers. Cable operators originally focused on small businesses, but they have broadened their reach to offer individualized services to medium-sized businesses and even to large enterprise customers. Cable operators are providing high-capacity services to business customers both by deploying fiber to office buildings, and by extending their hybrid fiber-coax networks to business districts in order to provide cable modem services to business customers.⁷⁰

44. Cox has a data network in Providence, and voice and data networks in West Warwick, along with a voice switch in West Warwick.⁷¹ Cox has a web page devoted to voice services specifically for business customers.⁷² See Exhibit 7. Cox Business Services "serves businesses of every size in many locations throughout the Rhode Island area."⁷³ Cox offers a variety of voice and data services to enterprise customers in the Providence MSA. These include: digital telephone, Centrex, digital trunks, dedicated long distance, private lines, web hosting, transparent LANs, and VPNs.⁷⁴ Private Line services are offered at speeds from DS1 up

⁷⁰ See *Verizon/MCI Order* ¶¶ 30, 60 & n.170, 64, 65, 67 & n.188, 74, 77.

⁷¹ New Paradigm Resources Group, Inc., *Competitive Carrier Report 2006*, Ch. 6 – Cox Communications at 6-8 (20th ed. 2006) ("*Competitive Carrier Report 2006*").

⁷² Cox Business Services, <http://www.coxbusiness.com/>.

⁷³ Cox Business Services, *Rhode Island*, http://www.coxbusiness.com/systems/ri_rhodeisland/.

⁷⁴ *Id.*

to OC192, including channelized increments.⁷⁵ Cox also offers wholesale carrier access services in the Providence MSA.⁷⁶ In addition to these services, Cox also offers cable modem services (at speeds from 3 Mbps to 15 Mbps downstream and 1.0 Mbps to 2.0 Mbps upstream) for smaller businesses.⁷⁷ As of the end of December 2005, Cox had approximately **** business E911 listings in the Providence MSA.

45. Comcast offers services to enterprises and other commercial customers in the Providence MSA.⁷⁸ For small and medium business customers, Comcast offers Comcast Workplace High-Speed Internet for Business, which offers businesses cable modem services at speeds up to 8 Mbps downstream and 1 Mbps upstream.⁷⁹ For larger business customers, Comcast says “Comcast Commercial Services brings flexible, tailored solutions directly to your business or organization by leveraging the robust fiber optic network of our parent company.”⁸⁰ These solutions include dedicated Internet access, at speeds from 5 Mbps to 1 Gbps, and multi-site networking linking an enterprise’s facilities with Comcast’s metropolitan area network.⁸¹ Comcast Commercial asserts that it “delivers a full suite of Internet and network services that

⁷⁵ Cox Business Services, *Cox Private Line*, <http://www.coxbusiness.com/products/data/privateline.html>.

⁷⁶ Cox Business Services, *Rhode Island*, http://www.coxbusiness.com/systems/ri_rhodeisland/.

⁷⁷ Cox Business Services, *Rhode Island: Cox Business Internet*, http://www.coxbusiness.com/systems/ri_rhodeisland/index.html#businessinternet.

⁷⁸ Comcast New England Business Services, *About Us*, <http://www.comcast-ne.com/business/about.html>.

⁷⁹ Comcast New England Business Services, *Comcast Workplace*, <http://www.comcast-ne.com/business/internet.html>; Comcast Workplace, *Cable for Business*, <http://www.comcast.com/business/Availability.ashx> (using zip code 02745).

⁸⁰ Comcast New England Business Services, *About Us*, <http://www.comcast-ne.com/business/about.html>.

⁸¹ Comcast Commercial, *Medium and Large Enterprises*, <http://www.comcastcommercial.com/index.php?option=content&task=view&id=20&Itemid=96>.

can meet the needs [and] demands of any size business and any business application.”⁸² In addition, Comcast Commercial says it offers “carriers a range of services that can support your voice and data transport needs with much lower costs. From traditional TDM, ATM and SONET, to Ethernet and managed wavelength configurations, Comcast has a solution to meet virtually any requirement.”⁸³

2. Traditional Telecommunications Carriers

46. AT&T is the largest competitor for enterprise customers in the nation. AT&T states that it is “No. 1 in large-business customers,” and that “virtually all of the Fortune 1000 companies and all of the Standard & Poor’s (S&P) 500 are customers.”⁸⁴ AT&T has deployed both voice and data networks, including both a voice and a data switch (ATM), in Providence.⁸⁵ AT&T offers the full range of voice and data services for enterprise customers in Providence, including local and long-distance voice services, private lines, Ethernet, ATM, frame relay, managed Internet, IP VPNs, and hosting services.⁸⁶ As of the end of December 2005, AT&T had more than **** business E911 listings in the Providence MSA. In addition, AT&T

⁸² Comcast Commercial, *Our Company*, <http://www.comcastcommercial.com/index.php?option=content&task=view&id=3&Itemid=33>.

⁸³ Comcast Commercial, *Telecommunications: Increasing Margins with Lower Transport Costs*, <http://www.comcastcommercial.com/index.php?option=content&task=view&id=33&Itemid=71>.

⁸⁴ AT&T News Release, *AT&T Positioned in the Leaders Quadrant in Magic Quadrant Report for U.S. Managed and Professional Network Service Providers* (July 17, 2006); AT&T, *2005 Annual Report* at 1 (2006).

⁸⁵ *Competitive Carrier Report 2006*, Ch. 6 – AT&T at 8, 11.

⁸⁶ AT&T, *Enterprise Business: Products & Services*, http://www.business.att.com/services.jsp?repoid=ProductCategory&segment=ent_biz.

says it offers “an array of Local and Long-Haul Dedicated Private Line & SONET Services, from Single Channel to OC192 (Wavelength) Services” for use by other telecom carriers.⁸⁷

47. Broadview Networks has deployed a data network in the Providence MSA.⁸⁸ Broadview Networks offers a variety of voice and data services to business customers in the Providence MSA, including local and long-distance voice, ISDN-PRI, dedicated Internet access, DSL services, VoIP and web hosting.⁸⁹ Broadview also offers wholesale voice and data services.⁹⁰ As of the end of December 2005, Broadview Networks has more than
**** business E911 listings in the Providence MSA.

48. Fibertech Networks operates an approximately **** route-mile fiber network which encompasses Providence and the surrounding areas, including Warwick, West Warwick, East Greenwich, Cranston, Pawtucket, Ashton, and Woonsocket.⁹¹ Fibertech completed its Providence network in April 2003.⁹² Fibertech offers mainly dark fiber services, providing large businesses with “unlimited bandwidth” directly into company facilities and the

⁸⁷ AT&T, *Wholesale: Private Line Services*, http://www.business.att.com/service_fam_overview.jsp?repopid=ProductSub-Category&repoitem=w_privateline&serv_port=w_data&serv_fam=w_privateline&segment=whole.

⁸⁸ *Competitive Carrier Report 2006*, Ch. 6. – Broadview Networks at 7.

⁸⁹ Broadview Networks, *Products and Services: Voice Services*, http://www.broadviewnet.com/Products_Services/Business/VoiceServices.asp?scenario=0; Broadview Networks, *Products and Services: Data & High-Speed Internet*, http://www.broadviewnet.com/Products_Services/Business/DataHighspeed.asp?scenario=0.

⁹⁰ Broadview Networks, *Products and Services: Wholesale Voice*, http://www.broadviewnet.com/Products_Services/Business/WServices.asp?scenario=0; Broadview Networks, *Products and Services: Wholesale Data*, http://www.broadviewnet.com/Products_Services/Business/WDataServices.asp?scenario=0.

⁹¹ Fibertech Networks, *Current Markets: Providence, RI*, http://www.fibertech.com/net_currentmaps.cfm?id=61.

⁹² Fibertech Networks Press Release, *Fibertech Networks Completes Providence, R.I. Fiber Optic Network* (Apr. 15, 2003).

ability to “control the growth and development of your communications infrastructure.”⁹³

Fibertech also offers metro network dark fiber for use by carriers.⁹⁴ Fibertech says its network provides “connections to virtually all central offices, POPs and data centers, and [] are a short distance from its major office buildings and business parks.”⁹⁵ These networks are “the perfect foundation on which to build your infrastructure,” “designed . . . to effectively meet the needs of a wide range of communications providers, including CLECs, IXCs, wireless carriers, ISPs, ICPs and next-generation carriers.”⁹⁶

49. One Communications, recently formed through the merger of Choice One Communications, CTC Communications, and Conversent Communications, claims to be “the largest privately-held competitive local exchange carrier in the United States.”⁹⁷ One Communications operates voice and data networks in Providence, with both voice and data switches.⁹⁸ The company provides a variety of voice and data services to business customers in the Providence MSA, including local and long-distance voice, dedicated high-speed Internet, VPNs, and web hosting,⁹⁹ and its carrier services “can provide a fully-protected, dedicated DS1,

⁹³ Fibertech Networks, *Enterprise Solutions: Large Business*, http://www.fibertech.com/ent_biz.cfm.

⁹⁴ Fibertech Networks, *Carrier Solutions*, <http://www.fibertech.com/carrier.cfm>.

⁹⁵ *Id.*

⁹⁶ Fibertech Networks, *Capabilities Brochure*, http://www.fibertech.com/docs/fibertech_bighings.pdf.

⁹⁷ One Communications Press Release, *Choice One Communications and CTC Communications Finalize Merger; Simultaneously Complete Acquisition of Conversent Communications* (July 3, 2006).

⁹⁸ *Competitive Carrier Report 2006*, Ch. 6 – Choice One at 5-6.

⁹⁹ Choice One Communications, *Choice One Business Services*, <http://www.choiceonecom.com/products/business/business.php>.

DS3, or OCxN circuit with full channel, point-to-point capacity.”¹⁰⁰ As of the end of December 2005, One Communications had more than **** business E911 listings in the Providence MSA.

50. PAETEC Communications is a national communications solutions provider specializing in IP-based services.¹⁰¹ PAETEC offers a variety of voice and data services in Providence, including local and long-distance voice services, frame relay, IP VPN, managed VPNs, and dedicated Internet access.¹⁰² PAETEC has deployed a data network in Providence.¹⁰³ As of the end of December 2005, PAETEC had more than **** business E911 listings in the Providence MSA. In addition, PAETEC offers a “[c]omprehensive portfolio of products, solutions, and services” for wholesale customers in the Rhode Island LATA (130), including local DID/DOD, origination and termination services, collocation facilities, VPN solutions, and a variety dedicated and highly-burstable Internet access solutions.¹⁰⁴

51. Sprint is one the nation’s largest long-distance carriers, with an extensive, national fiber optic network and a large base of enterprise customers.¹⁰⁵ Sprint offers a full suite

¹⁰⁰ Choice One Communications, *Choice One Carrier Services: Metro Private Line*, http://www.choiceonecom.com/products/wholesale/wholesale_metro.php.

¹⁰¹ PAETEC News Release, *PAETEC Exceeds 675,000 Access Lines* (Oct. 14, 2004). PAETEC recently agreed to merge with US LEC, creating a “Premier Communications Provider” to enterprise customers. PAETEC News Release, *PAETEC and US LEC to Combine in \$1.3 Billion Transaction* (Aug. 14, 2006).

¹⁰² PAETEC, *Offerings*, http://www.paetec.com/1_1/1_1__1.html.

¹⁰³ *Competitive Carrier Report 2006*, Ch. 6 – Paetec at 10.

¹⁰⁴ PAETEC, *Wholesale Markets: Switch Sites and LATAs*, http://www.paetec.com/1_5/1_5_11__1.html; PAETEC, *Wholesale Markets*, http://www.paetec.com/1_5/1_5_1__1.html; PAETEC, *Wholesale Services Brochure*, <http://www.paetec.com/downloads/Wholesale.pdf>.

¹⁰⁵ Sprint, *Leadership & Innovation*, <http://www.sprint.com/business/products/whySprint/leadershipInnovation.jsp> (“95% of the FORTUNE 1000 use Sprint”); Sprint, *The Network*, <http://www.sprint.com/business/products/whySprint/theNetwork.jsp> (Sprint’s “IP, ATM, and Frame Relay networks offer seamless interconnectivity, eliminating the need for extensive (and

of voice and data services, including local and long-distance voice, VoIP, ATM, frame relay, Ethernet, private lines, IP VPNs, and dedicated Internet access.¹⁰⁶ According to Sprint, in addition to retail services, the company's "Sprint Wholesale Private Line services provide dedicated wide area networks (WANs) links to enhance data and voice communications for your customers and your own network."¹⁰⁷

3. Wholesale Carriers

52. In addition to cable operators and traditional telecommunications carriers, there is a class of carriers that offer mainly wholesale services to other telecommunications carriers. These "carrier's carriers," such as NEESCom and NEON Communications, offer dark fiber, wholesale access and transport, and a variety of other services designed exclusively for use by other providers. For example, NEON Communications says its customers include "competitive local exchange companies (CLECs), Internet service providers (ISPs), wireless companies, and cable television operators."¹⁰⁸ NEESCom labels itself a "carrier neutral provider," and provides services which allow other carriers "to aggregate backhaul traffic, connect switching centers, transmit voice/data, and access competitive service offerings."¹⁰⁹ Wholesale carriers allow other

expensive) physical overhauls or conversions. ... The bottom line is infrastructure and we have spent years investing in ours to make it among the most robust and consistently reliable in the industry.").

¹⁰⁶ Sprint, *Landline Phone*, <http://www.sprint.com/business/products/sections/landlinePhone.html>; Sprint, *Internet & IP*, <http://www.sprint.com/business/products/sections/internetAndIp.jsp>; Sprint, *Networking*, <http://www.sprint.com/business/products/sections/networking.jsp>.

¹⁰⁷ Sprint, *Sprint Wholesale Private Line*, http://www.sprint.com/wholesale/nl_products_data_privateline.html

¹⁰⁸ NEON Communications, *Company Overview*, <http://www.neoninc.com/page.cfm?contentID=96>.

¹⁰⁹ NEESCom, *Dark Fiber*, <http://www.us.nationalgridwireless.com/content/fiber-networks/dark-fiber/index.jsp>.

communications carriers to purchase bandwidth where such purchases may otherwise be unfeasible due to cost constraints or other limiting factors.

53. NEESCom, which calls itself a “carrier neutral provider,” operates two metro fiber rings in Providence, one of which provides “access to the R.I. State Capitol and municipal facilities, large downtown office complexes and the emerging Cyber District at The Foundry,” and the other of which accesses “the heart of the downtown business and financial district [as well as] several major academic institutions.”¹¹⁰ NEESCom offers dark fiber rings, and collocation and regeneration facilities.¹¹¹ NEESCom says it offers “complete, turn-key solutions fully supported by state-of-the-art collocation facilities and strategically located regeneration sites throughout our network.”¹¹²

54. NEON operates a fiber network with approximately **** route miles in Providence, encompassing downtown Providence, along with Cranston, Warwick and surrounding areas.¹¹³ NEON’s network connects to numerous central offices/gateways in the Providence MSA.¹¹⁴ NEON offers a variety of data services to enterprise and carrier customers, including SONET private lines, wavelength DWDM services, Metro Ethernet, custom optical network solutions, collocation, long-haul transport, and dark fiber.¹¹⁵

¹¹⁰ NEESCom, *MetroRings – Providence*, http://www.gridcom.com/neescom/prod_servc/metro/providence/index.htm; NEESCom, *Dark Fiber*, <http://www.us.nationalgridwireless.com/content/fiber-networks/dark-fiber/index.jsp>.

¹¹¹ NEESCom, *Products and Services*, http://www.gridcom.com/neescom/prod_servc/index.htm.

¹¹² NEESCom, *Facilities*, http://www.gridcom.com/neescom/prod_servc/facilities/index.htm.

¹¹³ NEON, *Interactive Map*, <http://www.neoninc.com/networkmap.cfm>; NEON, *Building List*, <http://www.globix.com/network/NEONBuildingList.pdf>.

¹¹⁴ *Id.*

¹¹⁵ NEON, *Products/Services*, <http://www.neoninc.com/page.cfm?contentID=97>.

4. Other Competitors

55. In recent years there has been a dramatic increase in competition from systems integrators – such as Electronic Data Systems Corp., IBM Global Services, Accenture, Cap Gemini Ernst & Young, Northrup Grumman, General Dynamics, and Computer Sciences Corp. With the increasing complexity and utilization of IT and communications systems, large businesses are increasingly turning to network integrators to assess, plan, and manage their telecommunications systems. The need for network integrators is heightened by the need for extensive planning and management needed to create converged systems without having to create new physical networks from scratch. Network integrators thus provide managed services to large business customers, such as network design and operation.

56. Systems integrators have shown that they can compete successfully against traditional telecommunications providers. One Yankee Group study showed that 10 percent of surveyed businesses reported that a system integrator was its primary communications service provider in 2004.¹¹⁶ Likewise, in the government sphere, systems integrators have emerged as leading competitors. Integrators have recently won many major contracts. For example, in October 2004, Lockheed Martin teamed up with AT&T, Hewlett-Packard Co., Hughes Network Systems Inc., and large local exchange carriers to become the comprehensive provider of managed network services to over 37,000 U.S. Postal Service locations. The \$3 billion contract was awarded principally to Lockheed Martin.¹¹⁷ In January 2006, a Lockheed-led team was

¹¹⁶ S. Hackett, Yankee Group, *The State of the Enterprise* at 28 (Nov. 30, 2004).

¹¹⁷ J. Miller, *USPS Taps Lockheed Martin for \$3 Billion Telecom Contract*, Gov't Computer News (Oct. 14, 2004), http://www.gcn.com/vol1_no1/outourcing/27505-1.html; United States Postal Service, *Postal Facts 2006*, <http://www.usps.com/communications/organization/postalfacts.htm>.

awarded a \$2 billion contract to create a new Air Force communications network.¹¹⁸ Harris Corp. won a \$1.7 billion contract for the nationwide FAA network;¹¹⁹ EDS and Lockheed Martin won HUD contracts worth \$400 million each;¹²⁰ EDS won the Navy's \$8.8 billion NMCI networking contract;¹²¹ General Dynamics won the contract for Pentagon renovations;¹²² CSC won the \$2 billion WIN-T contract in connection with the Army's Warfighter Information Network project¹²³ and was recently awarded a \$1.9 billion contract to provide IT services to BAE systems;¹²⁴ and Northrop Grumman won the Air Force's \$9 billion NetCENTS contract, as well as a \$2 billion contract to run the State of Virginia's information infrastructure.¹²⁵ IBM Global Services won a recent contract with Lloyd's TSB bank to provide that company with converged voice and data systems, including 70,000 VoIP telephones.¹²⁶

57. Because all communications services depend in part on customer premises equipment, one trend for enterprise customers is the development of increasingly sophisticated

¹¹⁸ Lockheed Martin Press Release, *Lockheed Martin Awarded \$2 Billion Contract to Build Network Missions Operations System* (Jan. 27, 2006) (the team included Northrup Grumman, Telcordia Technologies, and SAIC, among others).

¹¹⁹ Harris Corp., *2002 Annual Report* at 2, <http://www.harris.com/harris/ar/archives/annual-report2002.pdf>.

¹²⁰ U.S. Department of Housing and Urban Development, *HUD Information Technology Services*, <http://www.hud.gov/offices/cpo/primes/hits.cfm>.

¹²¹ J. Perez, *EDS CEO: Navy Contract Under Control*, InfoWorld (Feb. 18, 2004).

¹²² F. Tiboni, *General Dynamics wins Pentagon Contract*, Federal Computer Week (Aug. 13, 2004).

¹²³ CSC News Release, *CSC Wins \$500 Million Forscom Aviation Support Contract* (Aug. 24, 2004) ("The aggregate ceiling value for all four contracts is \$2 billion.").

¹²⁴ CSC News Release, *CSC Renews \$1.9Billion IT Services Contract with BAE Systems for The Third Time* (May 2, 2006).

¹²⁵ W.D. Gardner, *USAF To Dole Out \$9 Billion On Beefed Up Network*, Networking Pipeline (Sept. 14, 2004); FedSources, *Market News Flash – 10/31/05* (Oct. 31, 2005), http://www.fedsources.com/about/fsinews/mktflash_103105.asp.

¹²⁶ IBM Release, *At £500m IBM Voice and Data Services Deal To Enable Lloyds TSB's Next Generation Business Solutions* (Dec. 6, 2004).

on-site communications capability to replace services that were previously provided through the network.¹²⁷ In part for this reason, a variety of equipment manufacturers are also competing for *large business customers*. *Siemens offers a variety of converged communications solutions*, including real-time IP systems, security systems, customer interaction solutions, and voice, data, and messaging systems, for enterprise customers.¹²⁸ Lucent provides a host of telecommunications services for business customers, including, among other things, its IP Centrex product, which is a fully managed service that combines the functionality of Centrex with the benefits of VOIP.¹²⁹ Lucent also provides managed data services, including ATM, Frame Relay, and Ethernet-over-SONET, to business customers.¹³⁰

¹²⁷ See T. Valovic, *et al.*, IDC Research, *U.S. Hosted IP Voice Forecast and Analysis, 2002–2007* at 1, 19 (Feb. 2003).

¹²⁸ Siemens Enterprise Networks, *Products, Solutions & Services*, <http://enterprise.usa.siemens.com/products.html>.

¹²⁹ Lucent Technologies, *IP Centrex Service for Enterprises*, http://www.lucent.com/solutions/ip_centrex.html.

¹³⁰ Lucent Technologies, *Optical Networking Solutions for Enterprises*, http://www.lucent.com/solutions/optical_networking_ent.html; Lucent Technologies, *Ethernet over SONET (EoS) Services for Enterprises*, <http://www.lucent.com/solutions/ethernet.html>.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

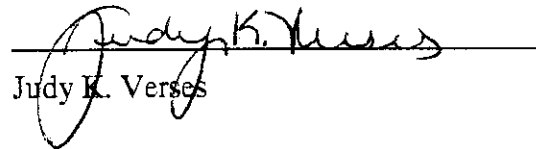
Executed on August 31, 2006

A handwritten signature in cursive script, appearing to read "Quintin Lew", is written above a horizontal line.

Quintin Lew

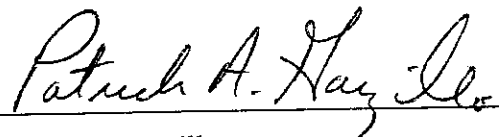
I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on August 21, 2006


Judy K. Verses

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on August 31, 2006


Patrick A. Garzillo



DECLARATION OF QUINTIN LEW,
JUDY VERSES, AND PATRICK GARZILLO
REGARDING COMPETITION IN THE
PROVIDENCE METROPOLITAN STATISTICAL AREA

EXHIBIT 1

Competitive Prices for Mass-Market Voice Telephone Service

There are many competitors offering mass-market voice telephone service in the Providence MSA using their own switches or VoIP technology. These carriers' offerings are priced at levels that are comparable to or below Verizon's voice telephone package rate. Verizon has prepared a table that compares the prices and features of the voice telephone service offerings of several leading competitors, including VoIP offerings, wireless offerings, and circuit-switched offerings. Verizon prepared this table by examining the competitors' websites and other publicly available information. This comparison shows that mass-market customers can obtain voice telephone service from several competitors at rates that are comparable to or lower than Verizon's rates.

PROVIDENCE

Comparison of Competitive Calling Bundle Prices and Features

	Verizon Freedom Unlimited	Cox Unlimited Connection ¹	Comcast Digital Voice ²	Vonage Premium Unlimited ²	AT&T CallVantage ³	ZingoTel Residential Unlimited ³	BroadVoice Unlimited World ³	Packet8 Freedom Unlimited ³	Lingo Unlimited ³	MyPhone Company Unlimited Home U.S. & Canada ³	BroadVox Direct Residential Unlimited ³	ADL TotalTalk Unlimited ³	Net2Phone VoiceLine Unlimited ³
Price	\$49.99	\$39.95	\$39.95	\$24.99	\$24.99	\$14.95	\$19.95	\$19.99	\$21.95	\$24.99	\$29.95	\$29.99	\$29.99
Local Calling	Unlimited												
Local Toll Calling	Unlimited												
Long Distance	Unlimited												
Calling Features	5	9	11	13	10	9	18	11	12	11	9	10	11

	Cingular Nation w/ Rollover	Cingular Nation w/ Rollover	Cingular Nation w/ Rollover	Sprint PCS Fair & Flexible	Sprint PCS Fair & Flexible	Sprint PCS Fair & Flexible	Sprint PCS Fair & Flexible	T-Mobile Basic Plus (National)	T-Mobile Get More (National)	T-Mobile Get More 1000 Plus (National)	T-Mobile Get More Ultra (National)
	450 mins.	900 mins.	1350 mins.	200 mins.	450 mins.	900 mins.	1350 mins.	300 mins.	600 mins.	1000 mins.	1500 mins.
Price	\$39.99	\$59.99	\$79.99	\$29.99	\$39.99	\$59.99	\$79.99	\$29.99	\$39.99	\$49.99	\$59.99
Local Calling	Included within Plan Minutes (some plans include unlimited nights & weekends and unlimited mobile-to-mobile minutes)										
Local Toll Calling	Included within Plan Minutes (some plans include unlimited nights & weekends and unlimited mobile-to-mobile minutes)										
Long Distance	Included within Plan Minutes (some plans include unlimited nights & weekends and unlimited mobile-to-mobile minutes)										
Calling Features	5	5	5	5	5	5	5	5	5	5	5

¹Reflects the \$10 discount for customers subscribing to both Digital Cable and High-Speed Internet service.

²Reflects the \$15 discount for customers subscribing to both Cable and High-Speed Internet service. Comcast's promotional rate is \$26.99 per month for the first three months. Comcast also offers this service for \$33 per month for the first year if bundled with Digital Cable and High-Speed Internet service.

³Requires broadband connection at additional cost.

Sources

Verizon. Verizon, *Verizon Freedom*, http://www22.verizon.com/ForYourHome/SAS/sas_Freedom.aspx. Choice of 3 Calling Features.

Cox. Cox, *New England: Digital Telephone Pricing in Rhode Island*, http://www.cox.com/newengland/telephone/Pricing_RI.asp. Calling features: Caller ID, Call Waiting/Call Waiting w/ID, Call Forwarding/Busy/No Answer, 3-Way, Busy Line Redial, Speed Calling, Call Return, Priority Ringing, and Long Distance Alert.

Comcast. Comcast, *Comcast Digital Voice Service: Residential Pricing List (Effective: August 18, 2006), Massachusetts*, <http://www.comcast.com/MediaLibrary/1/1/About/PhoneTermsOfService/PDF/DigitalVoice/StatePricingLists/Massachusetts/Z38T95MA%20pricing%20list%20V5.pdf>; Comcast, *See Prices & Choose Plans*, <http://www.comcast.com/shop/buyflow/default.aspx?SourcePage=VOIP> (using zip code 02771). Calling features: Voice Mail, Caller ID/Caller ID with Call Waiting, Call Waiting, Call Forwarding Variable/Selective, Three-Way Calling, Call Return, Call Screening, Repeat Dialing, Speed Dial, Caller ID Blocking Per Call/Line, and Anonymous Call Rejection.

Vonage. Vonage, *Premium Unlimited Plan*, http://vonage.com/products_premium.php; Vonage, *Features*, <http://vonage.com/features.php>. Calling features: Voicemail Plus, Caller ID with Name, Call Waiting, Call Forwarding, Three-Way Calling, Call Transfer, Call Return, Caller ID Block, Repeat Dialing, Click-2-Call, International Call Block, Ring Lists, and Call Hunt.

AT&T. AT&T, *Plans & Pricing*, <http://www.usa.att.com/callvantage/plans/index.jsp>. Calling features: Voice Mail, Caller ID with Name, Call Waiting, Call Forwarding/Safe Forward Number, Three-Way Calling, Call Logs, Phone Book, Locate Me, Do Not Disturb, Speed Dial.

ZingoTel. ZingoTel, *Residential Unlimited*, <http://www.zingotel.com/online/en/Product/PlanA3?PHPSESSID=ecda7194030a2d7cc53a84926b0edc99>. Calling features: Voice Mail, Caller ID, Call Waiting, Call Forwarding, Three-Way Calling, Call Return, Automatic Call Back, Caller ID Blocking, and Speed Dialing.

BroadVoice. BroadVoice, *Rate Plans*, http://www.broadvoice.com/rateplans_unlimited_world.html; BroadVoice, *Features*, <http://www.broadvoice.com/features.html>. Calling features: Voice Mail/Voice Mail Aliases, Call Waiting, Caller ID with Name, Calling ID Blocking, Call Forwarding Always/Busy/No Answer/Selective, Three-Way Calling, Anonymous Call Rejection, Call Hold, Call Notify, *69 Call Return, Call Transfer, Distinctive Ring, Do Not Disturb, Last Number Redial, Speed Dial 8/Speed Dial 100, BroadVoice Call Manager, Priority Alert, and Simultaneous Ring.

Packet8. Packet8, *Service Plans*, <https://telebay.packet8.net/about/residential.asp>; Packet8, *Packet8 Delivers the Goods!*, <https://telebay.packet8.net/about/features.asp>. Calling features: Voice Mail, Voice Mail to E-mail Notification, Caller ID with Name, Call Waiting/Call Waiting Disable/Call Waiting ID, Call Forwarding/Network Unavailable Forwarding, Three-Way Calling, Call Return, Find Me Follow Me/Simultaneous Ringing On Multiple Phone Number, Do Not Disturb, Caller ID Blocking, and Anonymous Call Blocking.

Lingo. Lingo, *Home Plans*, http://www.lingo.com/voip/residential/home_plans.jsp; Lingo, *Features*, http://www.lingo.com/voip/features/voip_features.jsp. Calling features: Voice Mail, Caller ID with Name, Call Waiting, Call Forwarding, Three-Way Calling, Do Not Disturb, Call Return, Last Number Redial, Speed Dial, Simultaneous Ring, Caller ID Block, and Anonymous Call Rejection.

MyPhoneCompany. MyPhoneCompany, *Residential Plans*, http://www.myphonecompany.com/cognigen/home_2499.aspx; MyPhoneCompany, *Free Powerful Features*, <http://www.myphonecompany.com/cognigen/features.aspx>. Calling features: Enhanced Voice Mail, Caller ID, Call Waiting/Call Waiting with Caller ID/Call Waiting Disable, Call Forwarding, Call Transfer, Three Way Calling, Return Call (*69), Busy Redial (*66), Do Not Disturb, Caller ID Block, and Anonymous Call Block.

BroadVox. Broadvox Direct, *Residential Unlimited*, <http://www.broadvoxdirect.com/res19.html>. Calling features: Voice Mail, Caller ID, Call Waiting, Call Forwarding, Call Transfer, Conference Calling, Do Not Disturb, Caller ID Block, and Call Logs.

AOL. AOL TotalTalk, *Calling Plans*, <http://www.totaltalk.com/callingplans.adp>; AOL TotalTalk, *Features*, <http://www.totaltalk.com/advancedfeatures.adp>. Calling features: Premium Voice Mail, Remote E-mail, Caller ID, Call Waiting, Call Forwarding, Call Transferring, Three-Way Calling, Call Alert/Mobile Phone Alerts, Click-to-Dial, and Call Blocking.

Net2Phone. Net2Phone, *Calling Plans & Rates*, <http://www.net2phone.com/consumer/voiceline/plans.asp>; Net2Phone, *Features*, <http://www.net2phone.com/consumer/voiceline/features.asp>. Calling features: Voice Mail, Caller ID, Call Waiting, Call Forwarding/Service Interruption Forwarding, Three-Way Calling, Call Return, Redial, Reach Me, Speed Dial, Call Blocking, and Do Not Disturb.

Cingular. Cingular, *Rate Plans*, available at <http://www.cingular.com>; Cingular, *Rate Plan Details*, available at <http://www.cingular.com>. Calling features: Basic Voice Mail, Caller ID, Call Forwarding, Call Waiting, and Three-Way Calling.

Sprint. Sprint, *Plans & Coverage*, available at <http://www1.sprintpcs.com>. Calling features: Voice Mail, Caller ID, Call Waiting, Numeric Paging, and Three-Way Calling.

T-Mobile. T-Mobile, *Select a Plan: National Plans*, <http://www.t-mobile.com/plans/?tab=national>. Calling features: Call Waiting and Call Hold, Caller ID, Conference Calling, VoiceMail, and Paging.